

FISCAL NOTE

Bill #: HB0074

Title: Revising the wastewater & drinking water law and authorizing the creation of debt

Primary Sponsor: Doug Mood

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
Debt Service (04011)	XXX	X,XXX
First Year Interest Payment		
Revenue:		
Other (State Revolving Fund)	XXX,XXX	XX,XXX,XXX
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Natural Resources and Conservation

1. Additional federal EPA grant funds of \$50 million will become available.
2. The DNRC will issue \$10 million of general obligation bonds to be used as a match for the \$50 million of additional federal funds.
3. The average interest rate on the bonds may be 4.50%.
4. A loan loss reserve account will provide extra security enhancement for the loans.

(continued)

Department of Environmental Quality

5. The funds will be used to provide low-interest loans to Montana communities and to local water and sewer districts to finance improvements to water and wastewater treatment systems across the state.
6. Borrowers will repay the loans through revenues generated from water and sewer rates. This repayment in turn will cover debt service on the state bonds and build a revolving loan fund for future loans.
7. Loans made from these funds will not require an appropriation.
8. These funds will only be used on an as-needed basis. Bonds will not be sold until loan commitments are entered and projects are ready to proceed.
9. DEQ costs to administer this program are included in the Executive Budget request in House Bill 2.
10. There is no effect on the general fund.

Department of Commerce

11. Common application materials to make water and sewer projects easier for local government applicants have been developed by the Department of Commerce Treasure State Endowment Program and Community Development Block Grant Program, the DNRC Renewable Resource Grant and Loan Program, the DEQ State Revolving Loan Fund Programs, the Board of Investments INTERCAP, and the U.S. Department of Agriculture Rural Development Program. These cost-savings materials will continue to be used under the proposed bill.

FISCAL IMPACT:

None

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Department of Natural Resources and Conservation

Loans made to public entities allow them to meet community needs when water and wastewater systems are failing and beyond their useful life. These loans can be used to finance new systems, add to existing systems, and to bring current systems into compliance with state and federal law. This bill will allow \$60 million of projects to be constructed over the next 3 to 5 years and build a revolving loan fund for future loans.

LONG-RANGE IMPACTS:

Department of Natural Resources and Conservation

HB74 will allow the issuance of G.O. bonds to finance water and wastewater treatment system projects at the lowest possible cost to Montana residents.